



FISCAL MEMORANDUM

HB 2711 - SB 2729

April 24, 2022

SUMMARY OF BILL AS AMENDED (017213): Defines a "nontraditional child care agency" as child care agency that provides residential child care for one or more children that must be transported across state lines to enter or leave the agency's care and whose transport across state lines is not subject to the Interstate Compact on Juveniles or the Interstate Compact on the Placement of Children.

Requires an individual or entity operating a nontraditional child care agency to be licensed by the Department of Children's Services (DCS). Requires nontraditional child care agencies to submit an annual report to DCS. Requires DCS to inspect all nontraditional child care agencies at least twice per year, without previous notice. Establishes certain requirements for temporary and annual licenses for nontraditional child care agencies. Requires such agencies to pay an application fee of \$25 and an additional fee of \$100 per child. Requires DCS to use the fee revenue exclusively to improve child care quality in this state.

Authorizes a county legislative body, by a two-thirds vote, to empower a zoning authority to conduct background checks on a person requesting to use property for the establishment or alteration of a child care agency. Specifies that any criminal history records check for a child care agency that is required by a zoning authority must be conducted by the Tennessee Bureau of Investigation or the Federal Bureau of Investigation.

Grants a child a cause of action against a nontraditional child care agency that authorizes an individual to be present on the premises of the child care agency and the authorized individual inflicts abuse, neglect, or sexual abuse upon the child. Authorizes the Attorney General and Reporter (AG) to bring an action on behalf of such child.

Requires a nontraditional child care agency, within 72 hours of beginning to provide care for a child who was transported across state lines to enter the agency's care, to prepare a copy of file of each child's identifying information and provide a copy of the file to DCS. Requires a nontraditional child care agency to notify DCS at least 10 days prior to transporting a child across state lines and provide identifying information on such child. Requires DCS to maintain the information provided by nontraditional child care agencies in a database which can be accessed by law enforcement and other appropriate entities.

Requires DCS to inform the State Board of Education (BOE) within three business days of issuance of a license to a facility that intends to provide care, or provides care, to children who are transported across state lines to enter the facility's care. Requires the BOE, through the Department of Education (DOE) to enforce standards for child care provided in licensed nontraditional child care agency facilities, and to ensure that educational services provided in

such facilities meet all attendance and academic requirements applicable to children enrolled in a public school serving any of the grades, kindergarten through twelve.

Specifies that DCS's comprehensive annual report of the status of child care agencies be published on the Department's website. Requires DCS to make an annual presentation to the appropriate committees of the General Assembly.

FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Revenue – \$874,400/FY22-23/Strategic Technology Solutions
\$15,050/FY22-23 and Subsequent Years/
Department of Children's Services**

**Increase State Expenditures –
\$874,400/FY22-23/Department of Children's Services**

Other Fiscal Impact – Permissive local expenditures will increase to the extent that county legislative bodies authorize zoning authorities to conduct background checks. The TBI will also see an increase in revenue and expenditures from background checks to the extent that zoning authorities choose to employ them. The extent of new authorizations and the number of zoning authorities currently utilizing TBI background checks cannot be accurately calculated at this time.

Assumptions for the bill as amended:

- Requiring nontraditional child care agencies to submit certain reports and make certain disclosures will not have a significant impact on state or local government.
- According to information provided by DCS, the Department can accomplish all licensing and inspection requirements within existing resources.
- It is assumed that two nontraditional child care agencies will be licensed each year and the total number of children receiving care in such agencies will be 150. Therefore, the recurring increase in DCS revenue, beginning in FY22-23, will be \$15,050 [(2 agencies x \$25 application fee) + (150 children x \$100 per child fee)].
- There may be an increase in local expenditures if county legislative bodies vote to empower zoning commissions to conduct criminal background checks; however, the timing and extent of such approvals cannot be accurately calculated at this time.
- To the extent that zoning authorities choose to utilize the TBI to conduct their criminal history records checks, the TBI will likely see an increase in revenue and expenditures. However, it is not possible to accurately determine how many zoning authorities will rely on TBI background checks that are not currently doing so now.
- There are not estimated to be enough actions resulting from the proposed legislation to have a significant impact on the court system.
- The AG can accomplish any additional responsibilities within existing personnel and resources.

- The proposed legislation will require DCS to house a new database to maintain the records of children attempting to be transported across state lines. The database will exist outside the existing Tennessee Family and Child Tracking System (TFACTS).
- This work will be performed by the Department of Finance and Administration's Strategic Technology Solutions (STS).
- There will be a one-time increase in state expenditures to DCS of \$874,398 (\$300,000 software + \$4,500 hardware + \$569,898 creation) for construction of the database as well as a corresponding one-time increase in state revenue to STS of \$874,398.
- According to information provided by the SBE, the Board can accomplish the requirements for promulgating rules and enforcing standards within existing personnel and resources.
- Requiring the DCS to make an annual presentation to the General Assembly will not have a significant fiscal impact on the Department.
- Any impact on BOE or DOE's operations will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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